



PERSonnel UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll Officers

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Events & Mailings

Annual Enrollment Season – 2005 Plan Year

The annual enrollment for the NDPERS health, life, Flexcomp and voluntary insurance plans, which includes the dental, vision, and the long term care plans began on October 1, 2004 and will end November 15, 2004. Coverage is effective January 1, 2005 for the health, Flexcomp, dental and vision plans. **An approved life insurance increase will be effective the later of the first of the month following the date of approval or January 1, 2005.** Long term care becomes effective the first of the month following approval from UNUM.

At this time employees of county, city, school or health districts are not eligible to participate in the voluntary insurance plans.

The [publications](#), [payroll memos](#), and [enrollment forms](#) are available on the NDPERS website. Please use the enrollment forms posted on the website. Outdated forms will not be accepted. **Members MUST file enrollment forms to their payroll office by 5:00 p.m. on Monday, November 15th, 2004 (no exceptions).**

Dental Plan Premium Increase

At its June meeting, the NDPERS Board reviewed ReliaStar's renewal proposal for the January 1, 2005 plan year. ReliaStar proposed a 9.9% rate adjustment for next year. This increase is the result of high utilization of services and the effects of inflation. The Board accepted ReliaStar's renewal proposal. Effective January 1, 2005 the following are the new rates:

Level of Coverage	Active Premium	COBRA Premium
Individual	\$32.56	\$33.22
Individual & Spouse	\$62.70	\$63.96
Individual & Child(ren)	\$73.02	\$74.48
Family (employee, spouse, child(ren))	\$103.20	\$105.26

Vision Plan Premium Increase

At the June NDPERS Board meeting the Board also reviewed Ameritas' renewal proposal for the January 1, 2005 through December 31, **2006** plan years. A 4% rate adjustment was proposed for the next two years. The increase was justifiable due to the high utilization of the plan and inflation. Effective January 1, 2005 through December 31, 2006 the following are the new rates:

Level of Coverage	Active Premium	COBRA Premium
Individual	\$5.16	\$5.26
Individual & Spouse	\$10.32	\$10.53
Individual & Child(ren)	\$9.40	\$9.59
Family (employee, spouse, child(ren))	\$14.56	\$14.85

Welcome to PERS 5 A Day Challenge!

A work site wellness program for your employees.

We are excited to announce a new program that is available to state agencies and participating political subdivisions in the state's group health plan. The program is available through the Wellness Benefit Program (WBP) and was selected by the PERS Board as a way to encourage more employers to initiate and conduct on-site wellness programs for their employees. The program is called

PERS 5 A Day Challenge. The PERS 5 A Day Challenge uses information and strategies of the national *5 A Day for Better Health* program, the nation's largest public-private nutrition education initiative.

What is the 5 A Day Challenge? It is an incentive program that helps motivate people to increase their servings of fruits and vegetables consumed daily. The PERS 5 A Day Challenge program has been developed for North Dakota through the collaboration of the North Dakota Department of Health, the NDSU Extension Service and the Healthy North Dakota Initiative. Additional [information](#) is available on our web site at www.discovernd.com/ndpers and click on the 5 A Day icon.

Is funding available? Yes. Funding is available through the NDPERS Wellness Benefit Program. The program will fund 100% of the first \$500 or the actual cost, whichever is less, plus 75% of the cost exceeding this amount to a maximum benefit of \$1,000.

How do we apply for the program? Applications for the 5 A Day Program will be accepted by the NDPERS office from August 1, 2004 through June 30, 2005. To obtain an application and additional information, please send your request to the PERS office either in writing or by e-mail to ndpers@state.nd.us.

We will continue to accept applications for other work site programs as well. However, if you have received funding from the Wellness Benefit Program for a program conducted and completed since July 1, 2004, you are not eligible for additional funding this fiscal year.

Deferred Compensation Plan Limits Increase

The maximum annual deferral limits for the 457 Deferred Compensation Plan established by the Internal Revenue Code will increase January 1, 2005 to an annual limit of \$14,000 for calendar year 2005. Employees who wish to increase their deferred compensation plan contribution to the maximum limit allowed, beginning January 1, 2005 will need to complete the [Participant Agreement for Salary Reduction](#) in November for payroll periods beginning in December and paid in January.

The deferred comp plan 50+ limit also increases for 2005 to an additional \$4,000. Employees attaining age 50 in 2005 are eligible to begin the 50+ additional deferred compensation catch-up limits in January. The maximum amount eligible to be deferred by employees age 50 and older for 2005 is \$18,000.

[Participant Agreement SFN 3803](#) must be completed and returned to the PERS office by December 15th.

Important Updates

When Preparing W-2 Forms

If the employee is participating in the NDPERS Retirement Plan, check the "Retirement Plan" box in box 13 on the W-2 form. The NDPERS Retirement Plan is a qualified plan as described in section 401(a). If you have questions, call Sharon at (701) 328-3902.

Deferred Comp Participant Agreement for Salary Reduction (SFN 3803)

Point of Clarification: The date in Section 5 is the **1st day of the payroll period that the deduction has been authorized to begin. It is not the date the employee receives their paycheck.** If deductions are taken out of an employee's paycheck too soon, we can not accept them and the deduction must be refunded.

Examples: Date in Section 5 is November 1, 2004.

- For employees paid on the State Central Payroll System, the deduction would begin on the payroll period beginning November 1, paid on December 1, 2004.
- For employees of Higher Ed, the deduction would begin on the payroll period beginning November 1, paid on November 30, 2004.
- For employees paid semimonthly, on the 15 & 30 of each month, the deduction would begin on the payroll period beginning November 1, paid on November 15, 2004.

Companion Plan Enrollment Procedures

As you know, since August 1, 2004 Fidelity Investments is now the new record keeper/investment provider for the ND Deferred Compensation Companion Plan. The NDPERS Board has selected the core mutual fund investment options offered in the Companion Plan and are responsible for the ongoing assessment and monitoring of the funds' performance in compliance with the Plan's investment policy.

Our office receives many questions about how to enroll in the Companion Plan through Fidelity Investments and we assume you too are getting these same questions.

Fidelity Investments does not have in-state representatives. The [fund information, Companion Plan enrollment information and application](#) can be found online. To speak to a Retirement Services Specialist, members may call Fidelity Investments at 1-800-343-0860. The Service Specialists are available Monday through Friday, 7:00 A.M. to 11:00 P.M. to answer questions and to assist members with their retirement planning and investing needs. Enrollment kits are also available at this number. We hope that this interactive process will be more convenient and efficient for our members as it eliminates the need for them to arrange a time to meet with a representative that coordinates with their work and personal schedules.

There is also information available on the Fidelity website at www.fidelity.com/atwork. They offer investment planning information in online presentations called "e-learning" workshops. Fidelity representatives are scheduled to be in ND several times during the year, but not each month. We provide notification when these visits are scheduled.

Group Insurance - Final Premium Payments Employer Responsibility

Two years ago NDPERS published this article, but once again we feel the need to remind employer's that participate in the group health plan of the Administrative Rules pertaining to final payment of the health insurance premium for terminating employees. [Administrative Code section 71-03-04-01](#) pertaining to state agencies and [section 71-03-07-01](#) pertaining to

political subdivisions clarify that an employee's coverage must end the month following the month after termination of employment. **This means the employer must remit premium payment for insurance coverage for the month following the month of termination in order to comply with this requirement. In addition, when an employee transfers from one participating employer to another, the new employer is responsible for submitting the premium for the first of the month following the month of employment. No exceptions.** Even if the employee transfers in the middle of the month, thereby receiving a paycheck on the first of the month, following the transfer, the new employer is responsible for the premium(s). This includes deductions for health, life, dental, vision, and long-term care.

Please review your internal procedures to ensure you are administering this provision as set forth in the Code. If you have any questions, please contact Cheryle Masset at 701-328-3909 or toll free at 1-800-803-7377.

Dependent COBRA Form Now Available

Ah yes, another form. But this is great news for a lot of people who have experienced the frustration when trying to use our current form that was specifically developed to provide the employee COBRA. NDPERS has developed three (3) Dependent COBRA forms which are now available. You will now find a Dependent COBRA form for the [health, dental and vision insurance plans](#). Please provide these forms to an employee when you are notified that an employee's covered dependent may be eligible for COBRA coverage. The health, dental and vision sections of the [INSIDE NDPERS handbook](#) will be updated referencing these new forms soon.

Separation of Service Kits

NDPERS currently has four [Kits](#) available on-line that employers should be distributing to their exiting employees. These [kits](#) are for **all employers to use** regardless of what plan(s) you are participating in. The [kits](#) can be viewed and downloaded.

What is available?

[Retirement Kit](#) (SFN 53723)

[Deferred Retirement Kit](#) (SFN 53724)

[Notice of Transfer Kit](#) (SFN 53728)

[Refund/Rollover Kit](#) (SFN 53725)

Use for:

Defined Benefit Plans

- Main System Retirement
 - Highway Patrol Retirement
 - Judges Retirement
 - National Guard Retirement
 - Law Enforcement
 - Job Service
 - Highway Patrol
- Defined Contribution Plan
Group Insurance Plans

Kits - All Inclusive:

- Plans Administered by NDPERS Only
 - Retirement
 - Health Insurance
 - Life Insurance
 - Dental Insurance
 - Vision Insurance
 - Long-Term Care Plan
 - Flex Comp
 - Deferred Compensation

Who Completes What?

- Each kit's first section will have a document called Navigating the Kit. This section directs Employer and Employee responsibilities. The employee responsibilities are broken out by plans. With each plan section, the employee is given all various scenarios, they chose which they fall into, from that point they are directed to the applicable form and the page it is located. Each section also directs the employee to read Plan terms and conditions before proceeding. This is to educate the member on their benefit options.
- Most forms contain instructions on the back to assist in completing the form.
- The employer will now only be required to complete **one** form. The employee will be responsible for all remaining forms. However, it is strongly recommended the employer

assist the employee with the kit.

Requirements for Participation in the Defined Benefit Plan for Elected & Appointed Officials

As many of our employers have newly elected, re-elected and appointed officials filling positions effective in December or January, the [Memorandum](#) is available as a reminder regarding eligibility for participation in the Defined Benefit Plan.

If you are unable to view this memorandum on the website, please contact Rebecca Fricke at (701) 328-3911 for a hard copy.

The FlexComp Program Administered by NDPERS – State Employees and Participating District Health Units (Excludes the University System)

With the transition to PeopleSoft Flexible Spending Account Administration software, the following outlines procedures for enrolling employees during the annual enrollment season, and also new employees, and employees who experience a change in status and want to enroll, discontinue participation, or change their election amount within the Plan Year.

Employee Records

Agency payroll staff will be responsible for setting up the FlexComp record for employees who elect to participate in the plan. Payroll will sign Part G of the [enrollment form](#) certifying that the employee meets the eligibility requirements and has been enrolled in the benefits applied for on the form. Payroll should retain a photocopy of the form for their records and send the original to NDPERS. NDPERS will be responsible for the records retention for the program.

Employee Social Security Number & Identification Number

The employee's social security number will be required on all forms. Employees who are paid through the State of North Dakota PeopleSoft Payroll System must also include their employee identification number. Employees paid through their agency's payroll system will be issued an identification number by NDPERS upon receipt of their enrollment form.

Direct Deposit Option & Disbursement Authorization

Direct Deposit of FlexComp reimbursement for employees paid through the State of North Dakota PeopleSoft Payroll System is available if the employee is currently having their payroll check direct deposited. Their FlexComp reimbursement must be deposited into the same account. For employees who are not paid through the State PeopleSoft Payroll System, the employee must complete an [Authorization for Direct Deposit of FlexComp Reimbursements form SFN 53852](#).

If selected, direct deposit will apply to all reimbursement accounts specified on the application.

FlexComp reimbursement checks or direct deposit advices sent through the inside mail system is only available for employees in the Bismarck area if your agency uses the inside mail system.

Annual Enrollment

Employees should complete form SFN 17759 FlexComp Enrollment 2005 Plan Year, make a copy of the form for their records and return the original to their agency's payroll department by November 15.

Payroll personnel will set up the employee record based on the information on the form and sign and date form. Keep a copy for your records and forward the original to NDPERS.

New Hires

New employees hired within the Plan Year have 60 days from their hire date to enroll in the FlexComp Plan. Benefit information and forms can be viewed or downloaded off the PERS website.

New employees should be instructed to return the completed [FlexComp Enrollment \(SFN 53851\)](#) form to their agency's payroll department for review. The box indicating "New Election/Date of Hire" should be checked and the date of hire listed on the form. The box indicating "To participate in the Plan", should be filled in with the date the first payroll deduction will be taken. Payroll will enroll the employee based on the information on the form. Sign and date form. Keep a copy for your

records and forward the original to NDPERS.

Termination-Rehire

If an employee terminates employment and returns to state employment within 30 days in the same Plan Year, their election will be reinstated as it was immediately prior to the separation of service.

If an employee terminates employment and returns to state employment after 30 days in the same Plan Year, they may not participate in the program for the remainder of the Plan Year.

IRS Qualified Change in Status

[FlexComp Change in Status Form SFN 53511](#) must be completed and submitted to NDPERS along with the [FlexComp Enrollment SFN 53851](#) within 60 days of the change in status event.

If the change in status event is the birth or adoption of a child, and the employee is a participant in the Plan at the time of the birth or adoption, the effective date of coverage for the child is the date of birth or adoption. If the change in status event is for reasons other than the birth or adoption of a child and the employee is a participant in the Plan, the effective date of coverage for the dependent is the first appropriate pay period after the election is received.

If an employee is not enrolled in the Plan prior to the change in status event, the effective date of coverage is the date the first payroll contribution is received.

Payroll will sign the enrollment form, keep a copy of both forms for their records and forward the originals to NDPERS. Upon review of the employee's request, a confirmation letter will be sent approving or denying the change. Payroll will set up the record upon receipt of the confirmation letter.

If an employee goes on a leave of absence, military leave, or a leave covered by the Family and Medical Leave Act (FMLA), their medical spending and dependent care contributions may be made as follows:

The employee may elect not to participate in either the Medical Spending or Dependent Care Reimbursement Account while on

leave. If they elect not to participate in either the Medical Spending or Dependent Care Reimbursement Account while they are on a leave of absence, they will not be entitled to receive reimbursements for claims incurred beyond the last day of the month a contribution is received. Upon returning from leave, they will be reinstated in either account on the same terms as prior to the leave unless they have experienced a qualified change in status.

Under the pre-pay option, the employee may pay, prior to their leave period, the amounts due while on leave. Contributions under the pre-pay option may be made on a pre-tax basis by having the contribution payroll deducted prior to their leave.

Under the pay-as-you-go option, the employee may make after-tax contributions by submitting payments to NDPERS by the first of each month while on leave. Contributions may also be made pre-tax from any taxable compensation, such as annual leave or sick leave during the leave period.

[Form \(SFN 53511\) FlexComp Change in Status](#) must be completed by an employee participating in a Medical Spending or Dependent Care Account and submitted to NDPERS indicating whether or not they wish to continue their participation and how the contributions will be received while they are on a leave.

Upon returning from leave, if the employee elected not to participate in the FlexComp Plan while on leave, they may reinstate the coverage that was in effect prior to their leave, or reinstate the coverage less the contributions that were missed during the leave, or change their election amount if the leave was due to a qualified change in status event. [Form \(SFN 53851\) FlexComp Enrollment](#) must be completed upon the employee's return from a leave of absence. If the leave was due to a qualified change in status and the employee wishes to change their election amount, they must also complete Form (SFN 53511) FlexComp Change in Status.

Computing Changes to Medical or Dependent Care Accounts

As a reminder, the contributions received to date must be added to the change to find the new annual election amount. This amount would be listed

as the Total Salary Redirection for the Plan Year.

We appreciate your efforts to submit accurate data to the PERS office. Remember, you can go to the NDPERS website under forms and publications to print the most current FlexComp forms.

Goodbye to Out-of-Date FlexComp Reimbursement Voucher forms

Effective January 1, 2004 we began processing claims using the new PeopleSoft software program. Due to new data fields, it required that the [FlexComp reimbursement voucher \(SFN 16868\)](#) be revised. We feel it is time to begin the transition to form SFN 16868 revised 1-04. You can help us in this process by disposing of all forms with an earlier revision date than 1-04 and directing employees to begin to use the new form immediately. For convenience, there are two versions of the FlexComp reimbursement voucher. The [Print Version](#) is a printable form to print and fill out and the [Fill and Print Version](#) is an interactive online version of the form that allows employees to input the information and it automatically calculates the total.

Board Meeting Highlights

Complete [meeting minutes](#) are available.

[April 15, 2004](#)

- Reviewed hardship withdrawals made by three 457 Deferred Compensation Plan providers.
- Approved retaining Gallagher Benefit Services as the new Health Consultant.

[May 20, 2004](#)

- Were presented with information regarding the pharmacy program and mail order purchasing.
- Were updated on the Smoking Cessation Program and discussed ways to increase awareness.
- Reviewed a draft RFP for the group health insurance plan.
- Were provided a demo on the new On-Line Services available on the PERS website.
- Discussed the transition plan for the NDPERS Companion Plan from VALIC to Fidelity Investments.

[June 1, 2004](#)

- Reviewed the Annual Investment Report.
- Discussed the Employer Based Wellness Program.
- Were presented with information regarding recent legislation that approved High Deductible Plans with Health Spending Accounts.
- Reviewed constitutionality of benefit changes.

[June 16, 2004](#)

- Approved investment options for the 401(a) Defined Contribution Plan & 457 Companion Plan.
- Discussed an issue regarding the transition for the NDPERS Companion Plan from VALIC to Fidelity.

[July 28, 2004](#)

- Reviewed the minimum participation requirements for the group health insurance plan.
- Discussed options for providing the flu shot in the fall.
- Discussed the employer based wellness program.

Look forward to receiving via email your next edition of the PERSonnel Updates @ January 15, 2005.

This newsletter is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this newsletter do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board. This information is subject both to changes made by the legislature and rules and regulations established by the Board of the North Dakota Public Employees Retirement System.

